

STATE SENATOR • MARTHA G. SCOTT • 2ND DISTRICT

Scott Press Release

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SENATE KILLS INSURANCE REFORM BILL IN SURPRISE VOTE

Senator Scott: Bill deserved thoughtful consideration, committee hearing

LANSING, Michigan – State Senator Martha G. Scott (D-Highland Park) today said that the Republican defeat of her bill to prohibit the use of territories when setting auto and homeowner insurance rates was a slap in the face to all the hard-working citizens of Michigan who pay unfair, exorbitant insurance rates.

“For years now I have been asking for action and hearings on my bills to reform auto and homeowner insurance rates in Michigan,” Senator Scott said. “Today the Senate Republicans decided to discharge my bill to ban rate setting by territories to the Senate floor only to then vote against this bill that would have made insurance rates fair for citizens across Michigan. This kind of game-playing has no place in the debate on this very important ‘pocketbook’ issue for Michigan citizens.”

Senate Republicans discharged SB 166 after Senator Scott rose to give her daily statement on insurance issues in which she referenced an October 14 Grand Rapids Press editorial that spoke out against the insurance industry’s use of credit scores to determine a person’s auto insurance rates. SB 166 would ban the practice of using where a person lives to determine how much their insurance would cost. Senate Republicans defeated an amendment that would have given everyone an immediate 20 percent cut in their rates, a provision that addressed Republican concerns that lower rates for citizens living in metro/urban areas would drive up rates for citizens living in other areas of the state.

“If we are going to require that every driver carry auto insurance then we need to make sure that the rates they are charged are fair, and right now these rates are anything but fair,” Senator Scott said. “Insurance rates should be based on the car a person drives, that person’s driving record, and the distance that person regularly drives. If we adopted these common sense changes to our auto insurance laws then we would no longer pay the 12th highest rates in the country, and our citizens living in our metro/urban areas would no longer pay the highest rates in the country.”

The insurance industry argues that one reason for setting rates by territory is because of the high rate of accidents or auto thefts in some areas of the state. However, the Michigan Auto Theft Prevention Authority reported in February that auto thefts in Detroit fell 14.2 percent from 2006 to 2007. Statewide, vehicle thefts have plummeted 42

percent since 1986. Yet insurance rates have not gone down.

“Senate Republicans did a great injustice today to all the hard-working Michigan families who are trying to survive in a very tough economy,” Senator Scott said. “My bill deserved thoughtful consideration: a committee hearing so that people could come in and testify followed by debate on the Senate floor. Instead the Republican voted my bill to the Senate floor so that they could defeat it and deny Michigan citizens fair and affordable auto insurance rates. My bill may have gone down to defeat but I will continue calling for auto insurance reform and fair rates for everyone.”

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Senator Scott represents the 2nd Senate District, which includes areas of Detroit and the cities of Hamtramck, Harper Woods, Highland Park and all of the Grosse Pointes. She serves on the Senate Appropriations Committee.